



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

BOSTON, MA

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NOTICE OF FILING AND PUBLIC HEARING

D.P.U. 14-150

December 22, 2014

Petition of NSTAR Gas Company, pursuant to G.L. c. 164, § 94 and 220 C.M.R. § 5.00 et seq., for Approval of a General Increase in Gas Rates and a Revenue Decoupling Mechanism.

On December 17, 2014, NSTAR Gas Company ("NSTAR Gas" or "Company") filed a petition with the Department of Public Utilities ("Department") seeking additional revenues through an increase in rates. The Company's last base distribution rate proceeding was in 2005. Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company, NSTAR Gas Company, D.T.E. 05-85 (2005).

The Department has docketed this matter as D.P.U. 14-150 and has suspended the effective date of the proposed rate increase until November 1, 2015, to investigate the propriety of the Company's request. Pursuant to a settlement approved by the Department in 2012, any new rates approved in the instant proceeding will not take effect until January 1, 2016. See Northeast Utilities/NSTAR Merger, D.P.U. 10-170-B (2012).

In the instant filing, NSTAR Gas seeks to increase rates to generate \$45.9 million in additional revenues, an 8.6 percent increase over current total operating revenues. The requested rate increase is designed to recover: (1) \$33.9 million in additional revenues through base distribution rates (i.e., a 22.5 percent increase in current distribution revenues); and (2) \$12.0 million in additional revenues through reconciling rate recovery mechanisms.

The Company's requested rate increase includes the recovery of merger-related costs and exogenous costs associated with the Department's Order in NSTAR/Northeast Utilities Merger, D.P.U. 10-170 (2012). The requested rate increase also includes an increase in costs associated with the Company's purchase of liquefied natural gas services from an affiliate, Hopkinton LNG Corp.

Further, as part of the filing, NSTAR Gas sets forth proposals associated with the sale of the Company's appliance business and changes to the operation of its Home Heating Protection Plan business. In addition, the Company proposes, pursuant to Investigation into Rate Structures that will Promote Efficient Deployment of Demand Resources, D.P.U. 07-50-A (2008), to implement a rate mechanism to decouple its gas revenues from its sales. Additional information regarding NSTAR Gas' proposals can be found in the Company's filing.

The Company's filing provides that if the petition is approved as requested, the proposed rate increase, which would take effect on January 1, 2016, will have the following effects:

- A residential heating customer using 160 therms of gas per month during the Winter season will experience a monthly bill increase of \$25.90 (a 13.1 percent increase in the customer's bill);
- A residential heating customer using 31 therms of gas per month during the Summer season will experience a monthly bill increase of \$8.38 (a 19.6 percent increase in the customer's bill);
- A residential non-heating customer using 14 therms of gas per month during the year will experience a monthly bill increase of \$1.81 (a 6.9 percent increase in the customer's bill);
- A residential low-income heating customer using 159 therms of gas per month during the Winter season will experience a monthly bill increase of \$7.02 (a 4.4 percent increase in the customer's bill);
- A residential low-income heating customer using 33 therms of gas per month during the Summer season will experience a monthly bill increase of \$0.44 (a 1.2 percent increase in the customer's bill); and
- A residential low-income non-heating customer using 14 therms of gas per month during the year will experience a monthly bill decrease of \$0.26 (a 1.2 percent decrease in the customer's bill).

Bill impacts for commercial and industrial customers will vary depending upon their rate classification and level of usage. For specific impacts, please contact the Company as indicated below.

The Attorney General, through the office of ratepayer advocacy, may intervene, appear and participate in Department proceedings on behalf of any group of consumers in connection with any matter involving rates of an electric company or gas company. On December 19, 2014, the Attorney General submitted a notice of intervention on behalf of the Company's ratepayers in this case. Further, pursuant to G.L. c. 12, § 11E(b), the Attorney General filed a notice of retention of experts and consultants to assist in her investigation of the Company's filing, and has requested Department approval to spend up to \$250,000 in this regard. Pursuant to G.L. c. 12, § 11E(b), the costs incurred by the Attorney General relative to her retention of experts and consultants may be recovered by the Company in rates.

The Department has scheduled the following public hearings to receive comment on the Company's filing:

January 28, 2015

Worcester Technical High School
1 Skyline Drive
Worcester, Massachusetts 01605
Time: 7:00 p.m.

January 29, 2015

Dedham High School
140 Whiting Avenue
Dedham, MA 02026
Time: 7:00 p.m.

February 3, 2015

Keith Middle School
225 Hathaway Boulevard
New Bedford, Massachusetts 02740
Time: 7:00 p.m.

February 4, 2015

Plymouth South High School
490 Long Pong Road
Plymouth, Massachusetts 02360
Time: 7:00 p.m.

February 9, 2015

Department of Public Utilities
One South Station, 5th Floor
Boston, Massachusetts 02110
Time: 7:00 p.m.

A procedural conference in this matter will take place at the Department's office on **January 22, 2015 at 2:00 p.m.**

Persons interested in commenting on the Company's filing may appear at any of the public hearings or may file written comments by the close of business (5:00 p.m.) on **March 31, 2015.**

Any person who desires to participate in the evidentiary phase of this proceeding must file a written petition for leave to intervene or to participate in the proceeding no later than the close of business (5:00 p.m.) on January 20, 2015. A petition filed late may be disallowed as untimely, unless good cause is shown for waiver under 220 C.M.R. § 1.01(4). To be allowed, a petition under 220 C.M.R. § 1.03(1) must satisfy the standing requirements of G.L. c. 30A, § 10.

Any person who seeks to intervene in this matter and also desires to comment on the Attorney General's notice of retention of experts and consultants must file such comments no later than the close of business (5:00 p.m.) on January 20, 2015.

Written comments, petitions for leave to intervene or to participate, and comments on the Attorney General's notice of retention of experts and consultants should be addressed to: Mark D. Marini, Secretary, Department of Public Utilities, One South Station, 5th Floor, Boston, Massachusetts 02110. Receipt by the Department, not mailing, constitutes filing.

In addition to the above filing requirement, one (1) copy of all materials filed with the Department should be sent to Marc J. Tassone, Hearing Officer, Department of Public Utilities, One South Station, 5th Floor, Boston, Massachusetts 02110; one (1) copy of these documents should be sent to the Company's counsel, Cheryl M. Kimball, Keegan Werlin LLP, 265 Franklin Street, Boston, Massachusetts 02110; and one (1) copy of these documents should be sent to Joseph W. Rogers, Assistant Attorney General, Office of Ratepayer Advocacy, One Ashburton Place, Boston, Massachusetts 02108.

Further, in addition to paper filings with the Department, all documents also must be submitted to the Department in electronic format using one of the following methods: (1) by e-mail attachment to dpu.efiling@state.ma.us and the Hearing Officer, Marc.Tassone@state.ma.us; or (2) on a CD-ROM. The text of the e-mail or CD-ROM must specify: (1) the docket number of the proceeding (D.P.U. 14-150); (2) the name of the person or company submitting the filing; and (3) a brief descriptive title of the document. The electronic filing should also include the name, title, and telephone number of a person to contact in the event of questions about the filing. All documents submitted in electronic format will be posted on the Department's website: <http://www.mass.gov/dpu>.

A copy of the Company's filing and the Attorney General's notice of retention of experts and consultants is available for inspection during regular business hours at the following locations: (1) the Company's offices, One NSTAR Way, Westwood, Massachusetts 02090; (2) the Cambridge Public Library, 449 Broadway, Cambridge, Massachusetts 02138; (3) the Dedham Public Library, 43 Church Street, Dedham, Massachusetts 02026; (4) the New Bedford Free Public Library, 613 Pleasant Street, New Bedford, Massachusetts 02740; (5) the Plymouth Public Library, 132 South Street, Plymouth, Massachusetts 02360; (6) the Worcester Public Library, 3 Salem Street, Worcester, Massachusetts 01608; and (7) the Department's offices, One South Station, 5th Floor, Boston, Massachusetts 02110. These filings also are available on the Department's website, <http://www.mass.gov/dpu>.

Any person desiring further information regarding the Company's petition should contact the Company's counsel, Cheryl M. Kimball, Esq. at (617) 951-1400. Any person desiring further information regarding the Attorney General's notice of retention of experts and consultants should contact Joseph W. Rogers, Assistant Attorney General, at (617) 727-2200. Any person desiring further information regarding this notice should contact Marc J. Tassone, Hearing Officer, Department of Public Utilities, at (617) 305-3500.